



BRIEFING: May 6-7, 2014 BOARD MEETING AGENDA ITEM #8

TO: Chairman Richard and Authority Board Members

FROM: Mark A. McLoughlin, Director of Environmental Services
James W. Andrew, Assistant Chief Counsel

DATE: May 6-7, 2014

RE: Materials for Consideration – Memorandum of Understanding with San Joaquin Valley Air Pollution Control District to Offset High-Speed Train Construction Emissions in the San Joaquin Valley District Boundaries

Summary of Requested Action

Approval of a Memorandum of Understanding between the Authority and the San Joaquin Valley Air Pollution Control District (District) that (a) commits the Authority to offset its construction emissions of criteria pollutants and particulate matter, (b) commits the District to source, procure and secure the offsets on behalf of the Authority (with HST project funding) and (c) outlines a process for detailed agreements as the Authority builds out the HST project within District boundaries.

Background

Once operational, the HST project will greatly reduce air pollution in the San Joaquin Valley (as compared to a future California without HST) by diverting auto and plane trips to HST. This reduction is discussed in detail in the 2005, 2008, 2010 and 2012 Program EIRs, the 2012 Final Project EIR for the Merced Fresno HST Section (MF EIR) and the 2014 Final Project EIR for the Fresno Bakersfield Section (FM EIR).

However, as is the case with any construction project, HST construction in the San Joaquin Valley will generate air pollutants from construction. These pollutants consist of ozone precursors nitrous oxide (NOx) and volatile organic gases/reactive organic gases (VOC/ROG), as well as fine (PM10) and superfine (PM2.5) particulate matter (collectively, "Criteria Pollutants"). The MF EIR and FB EIR include Authority commitments to require its contractors to use the cleanest-burning construction fleet reasonably possible, but even a clean fleet will produce emissions.

These HST construction emissions will occur in one of the regions of the country with the most difficult air quality challenges due significantly to topography and weather patterns. Additional emissions from HST construction add to those challenges. Moreover, because federal, state and

regional air quality standards measure Criteria Pollutants on an annual output basis, future HST-caused reduction in Criteria Pollutants from HST operation do not offset construction-period annual emissions. Those same federal, state and regional standards require mitigation for those emissions.

The MF EIR and FB EIR include mitigation commitments to work with the District and the District's established emissions reductions programs to fund and develop emissions offsets to counter *to a net zero level* the Criteria Pollutant emissions from HST construction concurrent with that construction. Generally, the District procures emissions reduction opportunities (generally, replacement of older equipment with newer cleaner-burning equipment, such as irrigation pumps and tractors), funds them with Authority/FRA HST project funds (at District actual cost), and the resulting emissions reductions get credited to the Authority to offset HST construction emissions of Criteria Pollutants.

This MOU reiterates the mitigation/offset commitments made in the MF EIR and FB EIR and extends the commitment to all HST construction within the District boundaries. Specific funding amounts and details for the offset implementation process will be contained in a series of more specific agreements between the Authority and District called Voluntary Emissions Reductions Agreements (VERA).¹ Estimated conservatively (erring on the high side), the total cost for emissions offsets through these VERAs for all HST construction within District boundaries² is up to \$35 million; costs generally will be incurred as the construction packages are let.

Staff Recommendation

Staff recommends that the Board approve Resolution #HSRA 14-12. That Resolution approves the draft MOU attached to this memorandum, authorizes the CEO to execute it on behalf of the Authority, requires the CEO to return to the Board if the total cost for offsets under the MOU is anticipated to exceed \$35 million, and authorizes the CEO to execute any individual VERA in any amount provided that the aggregate amount of all executed VERAs for HST construction within District Boundaries does not exceed \$35 million.

Attachments/Enclosures

- Draft MOU
- Resolution #HSRA 14-12

¹ By May 7th, staff anticipates that the Authority CEO (pursuant to his existing delegated authority) will have executed a VERA for offset of Construction Package 1A/1B emissions; the estimated cost for offsets to be secured through this VERA is approximately \$1.3 million.

² HST Sections include: Merced-Fresno (all), Fresno-Bakersfield (all), San Jose-Merced (part), Merced-Sacramento (part) and Bakersfield-Palmdale (part).